Schedule Of Findings

1. The County Commissioners Should Not Approve Extra Compensation After Services Have Been Performed

Upon the suggestion of the public works director, the county commissioners awarded extra compensation of $266 to one of the county's construction engineers. This extra compensation was to show appreciation for a cost savings realized from a suggestion made by the construction engineer on a road construction project he was assigned to.

Part of the normal function of the construction engineer includes participation in assessing the effectiveness and cost efficiencies of projects. The job description for construction engineer states that the essential duties and responsibilities are in part:

> Coordinates with the survey party chiefs . . . in a *cost effective*, efficient manner.
>
> Participates in the development, implementation and review of ongoing programs and existing methods - assessing job effectiveness and *cost efficiencies.*

Article II, Section 25 of the *Constitution of the State of Washington* states in part:

> The legislature shall never grant any extra compensation to any public officer, agent, employee, servant, or contractor, after the services shall have been rendered . . . .

Article VIII, Section 7 of the *Constitution of the State of Washington* states:

> No county, city, town or other municipal corporation shall hereafter give money, or property, or loan its money, or credit to or in aid of an individual . . . .

By paying extra compensation for performing normal duties already required per the job description, the commissioners have in effect gifted public funds.

We recommend that the county commissioners not approve extra compensation for duties required as part of the normal function of the job. In addition we recommend the county commissioners not grant extra compensation for work already performed.

2. <u>Internal Controls Over The Jail Prisoners' Commissary Checking Account Should Be Improved</u>

Our audit revealed that the jail does not have procedures to properly monitor the prisoners' commissary checking account. Monitoring should include a monthly reconciliation of the checking account. Our analysis of the activities within the operations of the jail identified that the last checking account reconciliation was performed in August 1993.

Internal control is a process effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations. Monthly bank account reconciliations are a vital part of an effective internal control process.

As a result, county personnel do not have a knowledge of the current cash balance in the commissary checking account which, therefore, increases the possibility for errors or irregularities to occur and not be detected in a timely manner.

<u>We recommend</u> the jail establish and maintain procedures to properly monitor the commissary checking account on a monthly basis.

3. <u>The County Commissioners Should Improve Its Annual Report Presentation</u>

The financial statements for the initial filing of the 1994 reports were incomplete as to the prescribed reports required. The initial financial reports did not contain financial information or reports for funds accounted for by the public works department. An amended filing for the remainder of the required reports occurred long after the filing deadline and the reports were not combined by fund type as prescribed by the State Auditor's Office. Similar financial reporting problems were also noted in our l993 audit report.

RCW 43.09.230 states in part:

> **Division of municipal corporations -- Annual Reports -- Comparative statistics.** The state auditor shall require from every taxing district and other political subdivisions financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor, which shall be uniform for all accounts of the same class.
>
> Such reports shall be prepared, certified, and filed with the division within one hundred fifty days after the close of each fiscal year.

The reporting criteria established by the State Auditor's Office requires counties with a population in excess of 18,000 to prepare modified accrual basis financial statements, in accordance with generally accepted accounting principles.

Adjustments and corrections from various departments were not available at the time of the original report filings. Thus, an amended report was required.

The delay in the preparation of the annual financial report prevents county officials, the public, and other interested parties from obtaining financial information in a timely manner. In addition, this delay has increased the cost of the audit process.

<u>We recommend</u> the county commissioners submit a complete annual financial report to the State Auditor's Office in accordance with RCW 43.09.230.